CONFIDENTIAL

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CEYLON

- I. Parliamentary elections last Saturday resulted in substantial victory for moderate elements.
 - A. Of 151 seats, relatively conservative United National Party

 (UNP) won 50, and moderate-socialist Sri Lanka Freedom Party

 (SLFP) won 46.
 - B. The three leftist parties received distinct set-back, winning total of only 23 seats. (In previous parliament of only 100 members, they had 22 seats.)
 - C. Other seats divided widely; outgoing premier Dahanayake's LPP party suffered badly and Dahanayake himself was not re-elected.
- II. Nevertheless, problem of political instability remains as neither UNP or SLFP controls a majority and both seem reluctant to form a coalition.
- III. UNP leader Dudley Senanayake has been sworn in as head of a minority government.
 - A. The 48-year-old Senanayake is highly respected, but lacks force-fulness and in 1953 resigned premiership because of nervous straits. As prime minister, Senanayake can
 - attempt to rule with a minority--in constant danger of being toppled by the opposition; or
 - 2. attempt a coalition with, or try to obtain a firm guarantee of support from, the SLFP.

But since UNP and SLFP are established rivals despite their essentially similar political outlook, unsure what arrangement can be developed.

D. Although Parliament's apparent unwillingness to precipitate new elections immediately will probably enable UNP to rule for a Approveding Release 200/08/29 Glech P79800820400129903001713 near future